#### STATE OF VERMONT

### HUMAN SERVICES BOARD

In re	)	Fair	Hearing	No.	R-05/08-232
	)				
Appeal of	)				

## INTRODUCTION

The petitioner appeals the decision by the Department of Children and Families, Health Access Eligibility Unit that his son is not eligible for Vermont Health Access Program (VHAP). The issue is whether the petitioner's income from self-employment exceeds the maximum allowable under the VHAP program.

# FINDINGS OF FACT

- 1. The petitioner lives with his wife and their two children. One of their children is nineteen and has his own income from employment. He is not a student.
- 2. In May 2008 the Department notified the petitioner that his son is not eligible for VHAP based on the entire family's combined income.
- 3. The petitioner is self employed in a fuel business. He reports his income to the Department based on his annual federal tax returns.
- 4. The dispute in this matter concerns the treatment under the VHAP regulations of "depreciation" as reported on

the petitioner's tax return. At the hearing in the matter, held on July 11, 2008, the petitioner's wife did not contest the Department's determination that the family's 2007 income without a deduction for depreciation was \$5,169, well over the VHAP maximum of \$2,657 for a family of four. It appears, however, that if the amount claimed by the petitioner as a deduction for depreciation on his tax return was allowed under VHAP, the family would be near or below the maximum.

### ORDER

The Department's decision is affirmed.

## REASONS

Under the VHAP regulations all children under age 21 must be considered members of the "VHAP group". W.A.M. § 4001.8. Income eligibility for VHAP is determined based on all earned and unearned income in the VHAP group. Id. § 4001.81. Only defined "business expenses" are deducted from gross income from self employment. W.A.M. § 4001.81(c). Under § 4001.81(d), those expenses are "limited to operating costs necessary to produce cash receipts". That section

further specifies that: "Items such as . . . depreciation . . . are not allowable business expenses".

Inasmuch as there is no dispute that the Department correctly determined the household's income, and that its decision was in accord with the above regulations, the Board is bound to affirm that decision. 3 V.S.A. § 3091(d), Fair Hearing Rule No. 17.

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